

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 EB-08 OMB-01 SEC-01 TRSE-00 /079 W
-----082142Z 000710 /63

R 071632Z APR 77
FM AMCONSUL TORONTO
TO SECSTATE WASHDC 5269
INFO AMEMBASSY OTTAWA

UNCLAS TORONTO 0826

E.O. 11652: N/A
TAGS: EFIN, CA
SUBJECT: ONTARIO PROPOSES LEGISLATION CONCERNING SECURITY AND
COMMODITY TRADING

REF: TORONTO A-35

1. ONTARIO GOVERNMENT INTRODUCED LEGISLATION APRIL 5 TO REVISE
PROVINCIAL LAW ON SECURITIES TRADING AND TO CLARIFY REGULATION
OF COMMODITY TRADING.

2. THE GOVERNMENT HAS PROPOSED THE SECURITIES ACT 1977
TO REVISE ONTARIO'S LAW ON THE TRADING OF STOCKS, BONDS AND
OTHER SECURITIES. THE PROPOSED LEGISLATION WAS ALLEGEDLY
DRAFTED IN CONSULTATION WITH SECURITIES ADMINISTRATORS ACROSS
CANADA AND IS SAID TO BE INTENDED TO PROVIDE A POLICY FOR UNIFORM
LEGISLATION IN ALL PROVINCES, FENDING OFF POSSIBLE OTTAWA
MOVES TOWARD NATIONAL REGULATION OF SECURITY MATTERS. CON-
SULTATIONS SUPPOSEDLY BEGAN IN THE LATE 1960S AND LED TO BILLS IN
1972, 1974 AND 1975, NONE OF WHICH WERE PASSED INTO LAW.

3. MAJOR FEATURES OF THE PROPOSED SECURITIES ACT INCLUDE
NEW RULES ON PEOPLE WHO USE OR LEAK INSIDE CORPORATE INFOR-
MATION AND PENALTIES INVOLVING THE AMOUNT OF PROFITS
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REAPED OR LOSSES AVOIDED; A BAN ON CORPORATE TAKEOVER
BIDS WITH VARYING OFFERS TO DIFFERENCE GROUPS OF STOCKHOLDERS;
REQUIREMENT FOR IMMEDIATE DISCLOSURE OF IMPORTANT DEVELOPMENTS
AND FOR REGULAR QUARTERLY FINANCIAL STATEMENTS BY COMPANIES
WITH PUBLICLY TRADED STOCK; RULES FOR BROAD DISCLOSURE
OF INFORMATION WHEN A COMPANY SEEKS TO BUY UP ITS OWN
SHARES; STATUTORY REGULATIONS FOR THE MUTUAL FUNDS INDUSTRY.

4. THE PROPOSED COMMODITY FUTURES ACT INTRODUCED BY THE GOVERNMENT YESTERDAY WOULD PUT SPECULATIVE DEALING IN COMMODITY FUTURES CONTRACTS AND COMMODITY OPTIONS UNDER SUPERVISION OF THE ONTARIO SECURITIES COMMISSION, ENDING A LEGAL RANGLE OVER THE POWERS OF THE COMMISSION TO REGULATE SALES OF SO-CALLED LONDON COMMODITY OPTIONS (SEE REFAIR). THE BILL DIVIDES SPECULATIVE TRANSACTIONS INTO TWO CATEGORIES: (A) CONTRACTS TRADED ON GOVERNMENT-REGULATED COMMODITY FUTURES EXCHANGES (NOW FOUND ONLY IN THE UNITED STATES) AND (B) ALL OTHER COMMODITY FUTURES AND OPTIONS. THE BILL PROPOSES THAT THE FORMER CATEGORY BE GOVERNED BY COMMODITY FUTURES LEGISLATION, THE LATTER BY THE MORE DETAILED PROVISIONS OF THE SECURITIES ACT.M IN BOTH CASES DEALERS AND SALESMEN WOULD HAVE TO MEET REQUIREMENTS FOR REGISTRATION BY THE SECURITIES COMMISSION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, TRADE CONTROLS, BONDS (SECURITIES), LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TORONT00826
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770123-0860
Format: TEL
From: TORONTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770475/aaaacnwg.tcl
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f30e49a8-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 TORONTO A-35
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2861808
Secure: OPEN
Status: NATIVE
Subject: ONTARIO PROPOSES LEGISLATION CONCERNING SECURITY AND COMMODITY TRADING
TAGS: EFIN, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f30e49a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009